

Today's Commentary

Extreme fear has gripped the market in the month of October and continues to get worse, as concerns of slowing global growth, political instability, and Ebola dominate the headlines. The VIX rose 3.46 closing the day at 25.27, 74.25% above its 50-day moving average. The Fear and Greed Index, which measures the emotional drive of the market using 7 different indicators, fell again today nearing its maximum fear value. Markets saw red across the board as the Dow dropped 1.06% to 13,869.88, along with the S&P 500 which fell 0.81% to 1862.49. The TSX continued its streak of losses, losing 1.19%, as it slid 166.80 to 13869.88. Short term market sentiment may be negative, but investors believe there could be some good news as small caps began to stabilize yesterday, and hopes of strong earnings releases could bring some confidence back to the market.

Things are continuing to look worse for Europe, as the European Union begins a two-week examination of the Eurozone government budgets. The Stoxx Europe is down 11% from the high of June, entering a correction phase. Greek equities took the biggest hit, as the largest sell off in over 2-years occurred yesterday. This is largely a result of mounting concerns about the country's financial stability, due to its intention to make an early exit from the international rescue program and increased political risks on the back of the upcoming presidential election. Bond prices across European periphery nations also plummeted, with Greek yields making the largest increase, followed by Portugal, Ireland and Italy.

US treasury yields continue to trade below forecasts of economists surveyed by Bloomberg, with 10s ending yesterday down another 4bps to 2.10% after having dipped below 2% in intraday trading. Bloomberg's surveys indicate US 10-year yields should rise 60bps to end the year at 2.7%. Despite the falling yields, investors are still increasing their exposures to long-term US government debt; in the last week alone, \$1.5 billion entered U.S. government bond ETFs, accounting for over 14% of total inflows this year. The flight to quality yesterday was sparked by a lower than expected fall in US retail sales. A 0.3% decrease in the data versus consensus estimates of a 0.1% decline indicate less than expected consumer strength. The news weighed on the US dollar, as the Bloomberg Dollar Spot Index fell 1.8%.

Further weakness in economic growth will make it less plausible that treasury yields will rise to meet their end-of-year projections in the coming months.

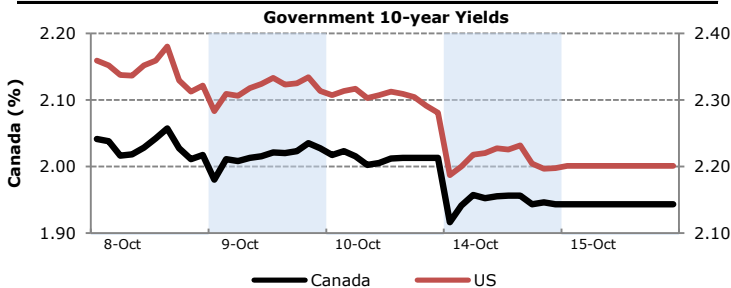
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Industrial Production	30-Sep	0.4K	-	-0.1%
Continuing Claims	11-Oct	2380K	2389K	2382K
Initial Jobless Claims	11-Oct	290K	264K	287K

Canada	Period	Survey	Actual	Prior
Manufacturing Sales (MoM)	30-Sep	-2%	-3.3%	2.9%

Interest Rates



Master of Financial Economics Program

The Master of Financial Economics Program at the University of Toronto is a collaborative program of the Department of Economics and the Rotman School of Management. The program's key objective is to provide a broad understanding of Financial Theory and the Economics framework upon which that theory is based. Students follow a three-term, 16-month program, with 12 one-term courses and a four-month summer internship. For more information on the program and its students please see the website below.

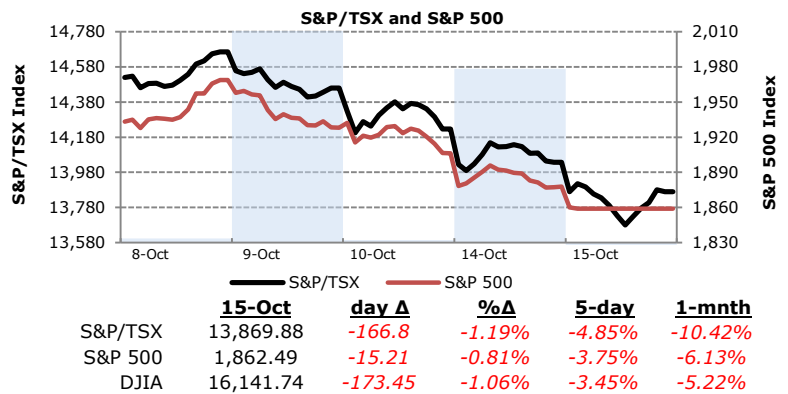
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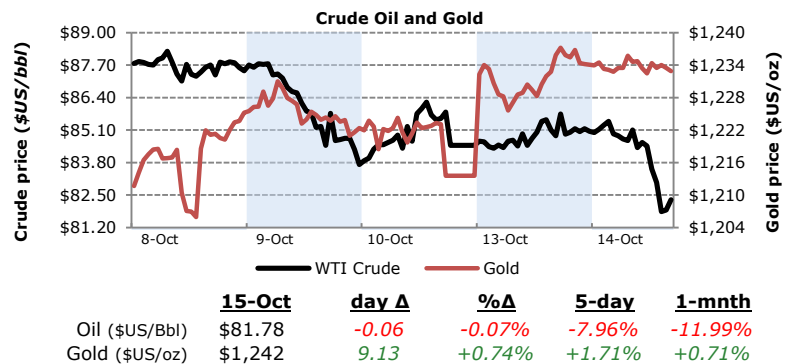


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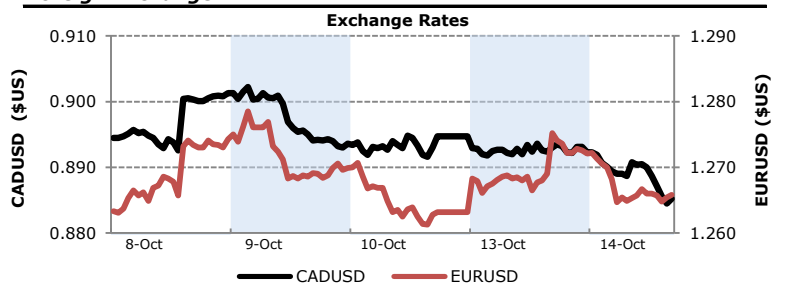
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	15-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.126	-0.004	1.118	1.106	1.038
EURUSD	\$1.284	+0.018	1.267	1.294	1.352
USDJPY	¥105.92	-1.130	108.030	107.19	98.16

Government 10-year Yields

	15-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.92%	-0.024%	2.24%	2.14%	2.65%
United States	2.14%	-0.061%	2.59%	2.45%	2.73%

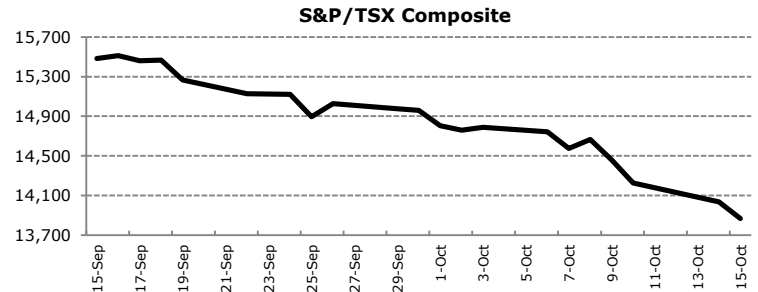
Rotman Finance Association



The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotman.utoronto.ca/financeassociation>

	15-Oct	day Δ	%Δ
S&P/TSX	13,869.88	-166.8	-1.19%
Trailing S&P/TSX TSX 60			
5-day	-4.85%	-4.74%	
1-month	-10.42%	-10.35%	
3-months	-8.03%	-7.60%	
6-months	-3.03%	-1.80%	
12-months	+7.26%	+7.82%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.75%	-3.91%	-7.39%	+12.91%
C. Staples	-0.97%	-2.36%	-2.56%	+20.66%
Energy	-0.57%	-9.40%	-19.46%	-6.78%
Financials	-2.50%	-4.38%	-9.08%	+10.00%
Healthcare	-2.57%	-5.89%	-8.46%	+8.09%
Info Tech	-0.61%	-3.26%	-7.60%	+18.10%
Industrials	-1.03%	-6.71%	-9.65%	+20.51%
Materials	-0.68%	+0.66%	-10.64%	-0.33%
Metals & Mining	-3.44%	-7.36%	-20.59%	-11.92%
Telecom	-0.77%	-2.63%	-4.51%	+2.96%
Utilities	-1.13%	-3.42%	-3.03%	+4.46%

TSX Top Performers

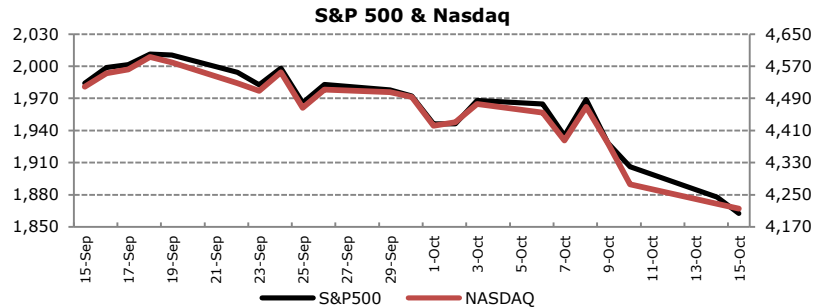
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Amaya Gaming Group Inc	+6.68%	-14.64%	-23.45%	+252.10%
Savanna Energy Services C	+5.33%	+2.60%	-9.31%	-11.23%
Dominion Diamond Corp	+4.69%	+0.94%	+5.45%	+20.74%
Torc Oil & Gas Ltd	+4.69%	-7.06%	-26.49%	+11.03%
Keyera Corp	+3.92%	-7.71%	-11.74%	+50.30%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Ithaca Energy Inc	-9.40%	-31.82%	-41.56%	-43.75%
Autocanada Inc	-8.20%	-15.65%	-26.23%	+28.21%
Athabasca Oil Corp	-6.99%	-19.88%	-40.27%	-44.58%
Lightstream Resources Ltd	-5.90%	-18.44%	-34.35%	-45.22%
Bellatrix Exploration Ltd	-5.76%	-19.38%	-31.59%	-37.25%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
15-Oct	1,862.49	16,141.74	4,215.32
1-day	-0.81%	-1.06%	-0.28%
5-day	-3.75%	-3.45%	-3.87%
1-month	-6.13%	-5.22%	-6.72%
3-months	-5.61%	-5.39%	-4.55%
6-months	+1.06%	-0.74%	+4.49%
12-months	+9.68%	+6.42%	+11.10%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.79%	-3.75%	-6.95%	+4.47%
C. Staples	-1.22%	-1.71%	-1.26%	+10.20%
Energy	+0.43%	-7.37%	-13.45%	-3.85%
Financials	-1.99%	-3.46%	-5.54%	+8.77%
Healthcare	-0.80%	-4.15%	-4.65%	+17.92%
Info Tech	-0.75%	-4.19%	-6.70%	+17.51%
Industrials	-0.17%	-2.48%	-6.82%	+7.43%
Materials	+0.66%	-4.38%	-8.39%	+7.25%
Telecom	-0.30%	-3.85%	-2.08%	+3.56%
Utilities	-1.33%	+0.58%	+1.58%	+14.37%

DJIA Top Performers

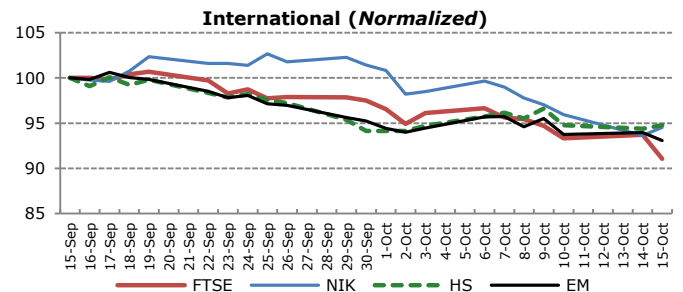
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Johnson & Johnson	+1.24%	-4.08%	-6.09%	+9.21%
Du Pont (E.I.) De Nemours	+0.83%	-3.72%	+2.55%	+14.26%
General Electric Co	+0.75%	-2.14%	-6.15%	+0.37%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Jpmorgan Chase & Co	-4.24%	-6.31%	-7.50%	+6.16%
Wal-Mart Stores Inc	-3.57%	-2.72%	-0.75%	+1.12%
Merck & Co. Inc.	-2.84%	-6.38%	-8.09%	+17.52%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,211.64	15,073.52	23,140.05	982.60
1-day	-2.83%	+0.92%	+0.40%	-0.96%
5-day	-4.17%	-4.50%	-0.53%	-2.80%
1-month	-8.71%	-5.49%	-5.00%	-6.93%
3-months	-7.43%	-2.09%	-1.36%	-7.85%
6-months	-5.04%	+7.69%	+2.07%	-1.73%
12-months	-5.15%	+4.38%	-0.84%	-4.59%



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Nymex WTI Crude Oil

(\$US/Bbl)	15-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$81.78	-\$0.06	-0.07%	-7.96%	-11.99%
Cal 15	\$79.23	-\$0.84	-1.05%	-7.82%	-12.91%
Cal 16	\$79.71	-\$1.24	-1.53%	-5.94%	-10.17%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$97.00	\$95.50	\$97.50	\$96.00	\$95.00
Current Forward	\$79.91	\$79.09	\$78.85	\$79.06	\$79.71

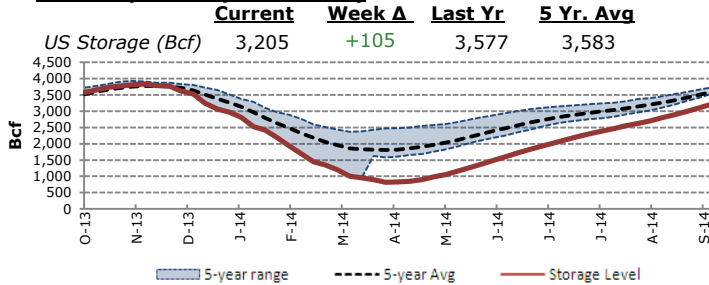
Inventory Levels (as of Oct-03)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	361,650	+5,015	337,426	319,411
Motor Gas	209,668	+1,180	214,389	200,481
Distillates	126,140	+439	171,756	140,851

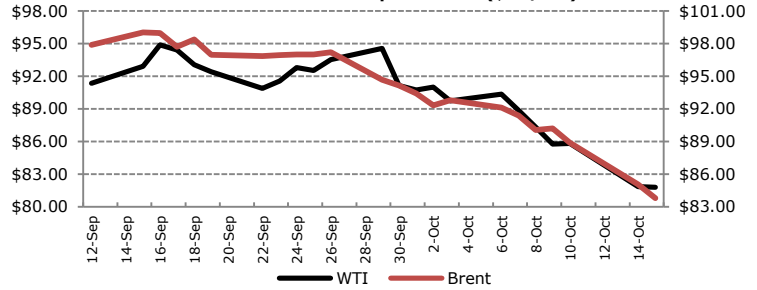
Nymex Natural Gas

(\$US/MMbtu)	15-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.80	-\$0.02	-0.42%	-3.97%	-3.33%
Nov14-Mar15	\$3.90	-\$0.02	-0.40%	-4.00%	-3.13%
Apr15-Oct15	\$3.71	-\$0.00	-0.13%	-2.49%	-2.79%
Nov15-Mar16	\$4.01	-\$0.01	-0.25%	-2.00%	-2.68%
Apr16-Oct16	\$3.86	-\$0.01	-0.14%	-1.48%	-2.42%

Inventory Levels (as of Oct-03)



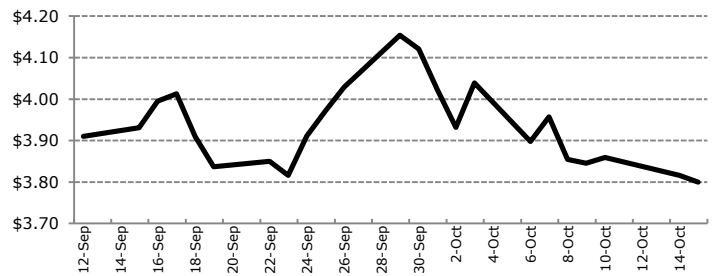
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	15-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$83.78	-\$1.26	-1.50%	-8.32%	-15.42%

Nat Gas Prompt (\$US/MMbtu)



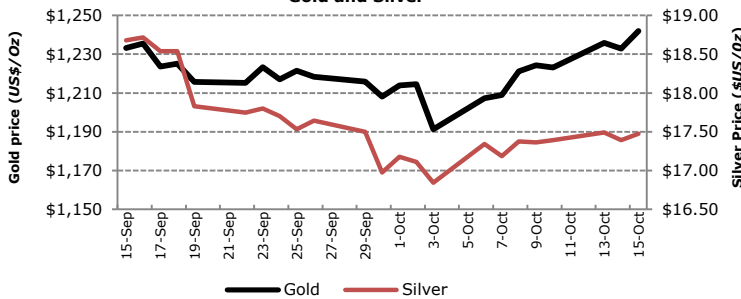
Alberta Natural Gas

(\$CAD/GJ)	15-Oct	day Δ	%Δ
AECO Nov-14	\$3.72	-\$0.03	-0.8%

Precious Metals

\$US/oz	15-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,242.01	+\$9.13	+0.7%	+1.7%	+0.7%	-4.9%
Silver	\$17.47	+\$0.08	+0.5%	+0.6%	-6.5%	-16.6%
Platinum	\$1,262	-\$3.20	-0.3%	-1.4%	-7.3%	-15.1%

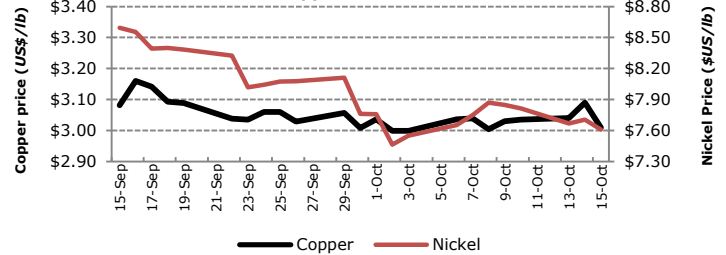
Gold and Silver



Industrial Metals

\$US/lb	15-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.01	-\$0.08	-2.6%	+0.2%	-2.3%	-5.8%
Nickel	\$7.61	-\$0.10	-1.2%	-3.3%	-11.5%	-13.4%
Zinc	\$1.15	+\$0.00	+0.0%	+0.6%	+2.3%	+0.8%
Aluminum	\$0.93	+\$0.00	0.0%	+1.1%	-4.1%	-3.1%
Uranium	\$35.40	-\$0.10	-0.3%	-1.1%	+4.1%	+24.2%

Copper and Nickel



Agriculture & Other

	15-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.48	-\$0.09	-2.7%	+1.2%	+1.1%
Wheat (\$US/bu)	\$5.06	-\$0.03	-0.6%	-0.3%	+2.0%
Soybeans (\$US/bu)	\$9.53	-\$0.12	-1.3%	+1.9%	-2.9%
Rough Rice (\$US/cwt)	\$12.59	-\$0.13	-1.0%	-0.3%	-1.0%
Sugar #11 (¢US/lb)	¢16.50	¢0.31	-1.8%	-2.5%	+2.0%
Lean Hogs (¢US/lb)	¢91.93	¢3.00	-3.2%	-3.4%	-4.2%
Live Cattle (¢US/lb)	¢162.48	¢1.45	-0.9%	-3.3%	+2.3%
Cotton No.2 (\$US/lb)	\$0.64	-\$0.00	-0.7%	-1.8%	-2.8%
Lumber (\$US/Mbft)	\$336.20	-\$6.30	-1.8%	-2.9%	+0.1%

Commodity ETFs

	15-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$3.39	-\$0.04	-1.0%	-16.2%	-21.9%
HBP Nat Gas U	\$10.24	-\$0.09	-0.9%	-6.9%	-9.9%
iShares Gold ETF	\$11.03	+\$0.08	+0.7%	+2.7%	+0.6%
\$USD					
US Crude Oil	\$30.67	-\$0.18	-0.6%	-8.28%	-10.8%
US Nat Gas	\$20.42	-\$0.08	-0.4%	-3.36%	-2.6%
PSDB Agriculture	\$26.28	-\$0.40	-1.5%	-0.49%	+3.1%
PSDB Base Metals	\$16.67	-\$0.46	-2.7%	-2.34%	-4.2%

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Interest Rates

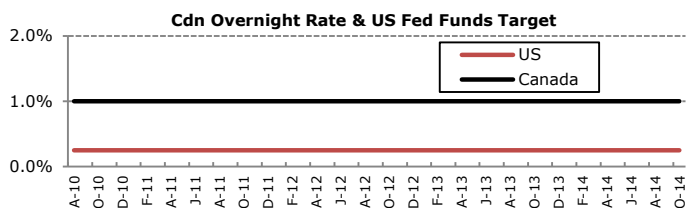
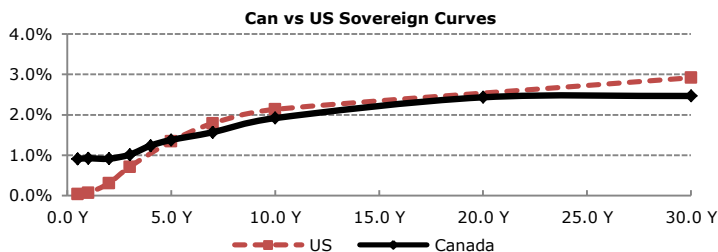
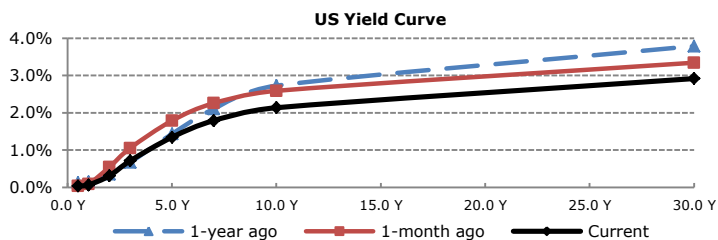
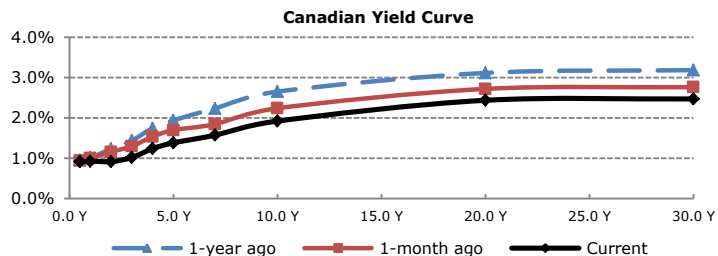
Canadian yield curve

	15-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.92%	0.94%	0.92%
6-mnth	0.91%	-	0.94%	0.98%	0.95%
12-mnth	0.93%	-0.04%	1.00%	1.00%	1.01%
2-year	0.92%	-0.07%	1.15%	1.06%	1.23%
5-year	1.38%	-0.05%	1.69%	1.45%	1.94%
10-year	1.92%	-0.02%	2.24%	2.14%	2.65%
20-year	2.43%	-0.02%	2.72%	2.66%	3.11%
30-year	2.47%	-0.02%	2.76%	2.69%	3.18%

US yield curve

	15-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	+0.01%	0.01%	0.01%	0.10%
6-mnth	0.04%	+0.01%	0.04%	0.05%	0.13%
12-mnth	0.07%	-	0.09%	0.08%	0.15%
2-year	0.31%	-0.06%	0.54%	0.44%	0.35%
5-year	1.34%	-0.10%	1.79%	1.62%	1.43%
10-year	2.14%	-0.06%	2.59%	2.45%	2.73%
30-year	2.92%	-0.04%	3.34%	3.27%	3.79%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	22-Oct-14	1.00%
US Fed Funds	0.25%	0.25%	28-Oct-14	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	15-Oct	day Δ	Historical Levels			Spot	15-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.126	-0.004	1.106	1.071	1.038	CADJPY	¥94.11	-0.651	96.96	94.78	94.54
EURUSD	\$1.284	+0.018	1.294	1.362	1.352	CADAUD	\$1.007	-0.009	1.002	0.994	1.011
USDJPY	¥105.92	-1.130	107.19	101.54	98.16	GBPCAD	£1.803	+0.007	1.795	1.830	1.661
GBPUSD	\$1.602	+0.012	1.623	1.708	1.600	EURJPY	¥135.99	+0.480	138.70	138.28	132.76
AUDUSD	\$0.883	+0.012	0.903	0.939	0.953	EURAUD	\$1.45	+0.001	1.43	1.45	1.42

Economic Releases

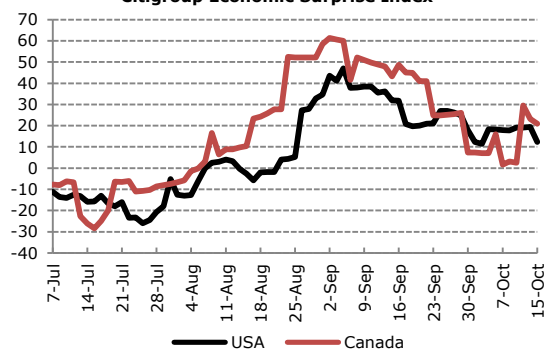
United States

		Period	Survey	Actual	Prior
Wed, Oct 15	Advance Retail Sales	30-Sep	-0.1%	-0.3%	0.6%
Thu, Oct 16	Industrial Production	30-Sep	0.4K	-	-0.001
Thu, Oct 16	Continuing Claims	11-Oct	2380K	2389K	2382K
Thu, Oct 16	Initial Jobless Claims	11-Oct	290K	264K	287K
Fri, Oct 17	Housing Starts	30-Sep	1008K	--	956K

Canada

		Period	Survey	Actual	Prior
Thu, Oct 16	Manufacturing Sales (MoM)	30-Sep	-2%	-3.3%	2.9%
Fri, Oct 17	BOC CPI Core (YoY)	30-Sep	2.1%	--	2.1%
Fri, Oct 17	Consumer Price Index	30-Sep	2%	--	2.1%

Citigroup Economic Surprise Index

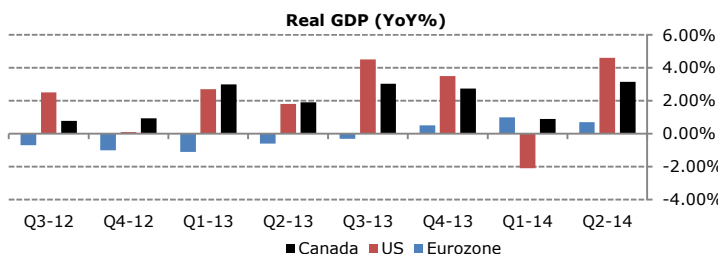


Economics

Canada	Q3-13	Q4-13	Q1-14	Q2-14	2013E
Real GDP	3.03%	2.75%	0.90%	3.15%	1.80%
CPI	1.17%	0.93%	1.37%	2.23%	0.90%
Unemployment	6.90%	7.20%	6.90%	7.10%	7.05%

US	Q3-13	Q4-13	Q1-14	Q2-14	2013E
Real GDP	4.50%	3.50%	-2.10%	4.60%	1.90%
CPI	1.57%	1.23%	1.40%	2.07%	1.50%
Unemployment	7.20%	6.70%	6.70%	6.10%	7.40%

China	Q3-13	Q4-13	Q1-14	Q2-14	2013E
Real GDP	7.80%	7.70%	7.40%	7.50%	7.70%



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